

Message Text

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DRAFTED BY XMB: H S TURK
APPROVED BY EA/TIMBS:DPSULLIVAN
XMB: C H HOUSTON
XMB: J D BIERMAN
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FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

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FROM EXIMBANK

E.O. 11652: N/A

TAGS: EFIN, ID

SUBJECT: MEDIUM TERM FCIA COVERAGE IN INDONESIA

1. EFFECTIVE JUNE 1, 1978, THE TERMS OF MEDIUM TERM FCIA
AND U.S. BANK GUARANTEE COVERAGE IN INDONESIA HAVE BEEN
MODIFIED ELIMINATING THE SPECIAL INDONESIAN REQUIREMENT
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FOR A GOVERNMENT GUARANTEE OR A GUARANTEE OUTSIDE THE
COUNTRY FOR PRIVATE TRANSACTIONS OVER TWO HUNDRED THOUSAND
DOLLARS. THIS CHANGE, REFLECTING IMPROVED CONDITIONS IN
INDONESIA, SHOULD IMPROVE THE COMPETITIVENESS OF US
SUPPLIERS IN THE INDONESIAN MARKET. HOWEVER, US SUPPLIERS
SEEKING FCIA AND US BANK GUARANTEE COVERAGE SHOULD BE
AWARE THAT INDONESIAN OBLIGORS WILL STILL BE REQUIRED TO
MEET FCIA-EXIMBANK WORLD-WIDE STANDARDS OF CREDITWORTHI-
NESS.

2. INDONESIA IS THE ONLY COUNTRY IN THE REGION WHERE AN IN COUNTRY COMMERCIAL BANK GUARANTEE IS NOT REPEAT NOT AVAILABLE FOR INDONESIAN PRIVATE FIRMS WHICH DO NOT FULLY MEET CREDITWORTHINESS STANDARDS FOR FCIA OR US BANK GUARANTEE COVERAGE. GOVERNMENT OF INDONESIA POLICY PROHIBITS COMMERCIAL BANK GUARANTEES OF FOREIGN TRANSACTIONS.

THIS WILL LIMIT THE EFFECTIVENESS OF OUR MEDIUM TERM COVERAGE TO THE INDONESIAN PRIVATE SECTOR. AT APPROPRIATE TIME, SUGGEST THAT EMBASSY EXPLORE GUARANTEE POSSIBILITIES FOR THE PRIVATE SECTOR WITH THE GOI. VANCE

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